

Decision **PROPOSED DECISION OF ALJ BURCHAM** (Mailed 3/22/2016)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Worldvox Corporation for authorization
to obtain a Certificate of Public
Convenience and Necessity as a
Telephone Corporation pursuant to the
Provision of Public Utilities Code Section
1001.

Application 13-12-004
(Filed December 2, 2013)

**DECISION APPROVING SETTLEMENT AND CONDITIONALLY
GRANTING WORLDVOX CORPORATION A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE INTEREXCHANGE SERVICE**

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**DECISION APPROVING SETTLEMENT AND CONDITIONALLY
GRANTING WORLDVOX CORPORATION A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE INTEREXCHANGE SERVICE**

Summary

Pursuant to Pub. Util. § 1001, we conditionally grant Worldvox Corporation (Worldvox) a certificate of public convenience and necessity (CPCN) for authority to provide resold interexchange service in California, subject to the terms and conditions set forth in this order. As a basis for conditionally granting the CPCN, we also adopt and approve the Settlement Agreement as set forth in Attachment D, as discussed below, and we require Worldvox to pay penalties and retroactive fees. Worldvox's principal place of business is 3116 Weddington Road, Suite 900-135, Matthews, North Carolina 28105.

This proceeding is closed.

1. Background

On December 2, 2013, Worldvox Corporation (Worldvox) filed Application (A.) 13-12-004 seeking authority to provide resold interexchange services in California. Notice of the application appeared in the Commission's Daily Calendar on December 12, 2013.

Worldvox¹ seeks a certificate of public convenience and necessity (CPCN) for authority to operate as a switchless reseller of interexchange service on a statewide basis. Worldvox's application acknowledges: Worldvox has been operating without proper authorization from August 2012 to the present by selling prepaid calling cards to California consumers; it has not remitted fees to

¹ Worldvox registered as of May 29, 2013, in the State of California as a foreign corporation.

the Commission since it began offering services in California; and, it filed the application to correct these deficiencies.

If granted a CPCN, Worldvox intends to continue operating as a switchless reseller of interexchange service on a statewide basis by providing service via prepaid calling cards to consumers in California. All services are to be routed solely over facilities owned by other certificated carriers.

Pursuant to Rule 7.1 of the Commission's Rules of Practice and Procedure,² in Resolution ALJ 176-3328, dated December 19, 2013, the Commission preliminarily categorized the Worldvox application as ratesetting and preliminarily determined that hearings were not necessary.

On January 13, 2014, the Commission's Safety and Enforcement Division (SED) filed a protest to the application. In its protest, SED noted that Worldvox had been operating in California without proper authority, in violation of Pub. Util. Code §§ 885 and 1001 or 1013, and had failed to pay mandated fees.

SED recommended that the Commission consider imposing penalties against Worldvox for its apparent violation of Pub. Util. Code § 885 and determine whether Worldvox's actions violated any other laws, rules, regulations, or orders of the Commission. SED also requested the Commission require Worldvox to remit all outstanding user fees.

Worldvox shares common ownership with Excite Telecom, Inc. (Excite). Both Worldvox and Excite are owned by Ryan Snapper. Excite is registered as an interexchange carrier with the Commission (U-7071-C), but ceased doing business in 2012. For a limited time, Worldvox assumed responsibility for

² All further references to a "Rule" or "Rules" refer to the Commission's Rules of Practice and Procedure, Title 20, California Code of Regulations.

fulfilling Excite's obligation to deliver services despite lacking authority granted by the Commission.

The July 23, 2014, Notice of Prehearing Conference and Administrative Law Judge's Ruling notes the insufficiency of Worldvox's disclosure in its application regarding technical and managerial expertise in telecommunications or a related business. Worldvox was directed to provide additional information in support of Mr. Snapper's background and qualifications, including his affiliation with Excite.

At the prehearing conference on August 27, 2014, the parties expressed interest in pursuing settlement discussions. At the conclusion of the conference, the Administrative Law Judge (ALJ) deferred setting a further schedule pending the results of the efforts toward settlement.

2. Jurisdiction

Pub. Util. Code § 216(a) defines the term "public utility" to include a "telephone corporation," which in turn is defined in Pub. Util. Code § 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state." Worldvox is seeking a certificate of public convenience and necessity to be a prepaid calling card provider offering telecommunications services and is thereby a telephone corporation and public utility subject to our jurisdiction.

3. Settlement Agreement

Worldvox and SED (collectively, the "Parties") filed a joint motion for approval of settlement agreement on September 1, 2015. The Parties agreed to several undisputed facts as the basis for entering into the Settlement Agreement attached as Attachment D to this decision.

The Settlement Agreement resolves all issues in SED's protest. Worldvox acknowledges that Pub. Util. Code §§ 885, 1001, and 1013 require a reseller of telecommunications services to comply with the Commission registration or certification requirements, and that Worldvox did not obtain Commission authority prior to offering its services in California. Worldvox states it will fully meet its regulatory and legal obligations and its responsibilities to its customers and members of the public in California in the future.

Worldvox further acknowledges that Business and Professions (B&P) Code § 17538.9 applies to its prepaid calling cards sold in California and that some of its cards did not comply with this section. Therefore, Worldvox commits to: 1) ensure that all ancillary charges and conditions are fully disclosed; 2) disclose the name of the company (Worldvox) on all its calling cards; and 3) ensure that its toll-free number provides consumers with all rate and ancillary charges information. Worldvox further commits to providing copies of its marketing, advertising, and calling cards to SED that demonstrate compliance with these B&P Code provisions within 30 days of the Commission's approval of the Agreement.

To resolve the legal issues raised by the SED protest, the Settlement Agreement calls for Worldvox to pay a penalty to the State of California General Fund of \$13,000 in nine equal monthly installments beginning 30 calendar days after the effective date of the Commission decision approving the Settlement Agreement. Additionally, Worldvox agreed to remit to the Commission \$250 for past due user fees and interest penalty, within 30 calendar days after the effective date of the Commission decision approving the Settlement Agreement.

The Joint Sponsors argue that in light of the record, the Settlement Agreement reasonably addresses the issues of Worldvox operating without

proper authority, failing to disclose its association with Excite, and non-compliance with B&P Code § 17538.9. As discussed below, since the Settlement reasonably resolves all disputed issues excepting the payment of all past due user fees and interest penalty thereon, no hearings are necessary in this proceeding.

4. Discussion

We have historically favored settlements as a means of resolving contested issues. As stated by the Commission's rules, the settlement must be in the public interest, reasonable in light of the record, and consistent with law.³ The Settlement Agreement, attached to this decision as Attachment D, generally satisfies these criteria.

Although the Settlement Agreement states Worldvox is prepared to pay retroactive user fees of \$200 and a \$50 penalty, the user fee is a minimum of \$100 due on an annual basis.⁴ Worldvox began operating in 2012. Therefore, the user fee due for 2012, 2013, 2014, and 2015 totals \$400. Accordingly, we will adopt the Settlement Agreement, but condition the granting of the CPCN on payment, within thirty days of this Decision, of past due user fees of \$400 plus a 25 percent penalty (\$100) as provided by Pub. Util. Code § 405. Therefore, approval of Worldvox's application is conditioned on its compliance with the terms of the Settlement Agreement and this decision.

Granting this application will benefit the public interest by expanding the availability of technologically advanced telecommunications services within the state. Approving the Settlement Agreement is consistent with our policy

³ See, Rule 12.1(d), Rules of Practice and Procedure; Title 20, California Code of Regulations.

⁴ Decision (D.) 13-05-035.

supporting resolution of disputed matters through settlement, and avoids the time, expense, and uncertainty of evidentiary hearings and further litigation. The benefits of approving this settlement, including Worldvox's payment of penalties to the General Fund, offer a reasonable resolution in comparison to continued litigation and the associated costs.

The Settlement between SED and Worldvox (Attachment D) provides a clear and succinct description of the facts at issue in this application. As a sponsor of the Settlement, Worldvox acknowledges that it failed to obtain the required authority from the Commission prior to providing the services of selling prepaid calling cards to California consumers. As an interexchange carrier offering prepaid phone cards, Worldvox must have a CPCN.

Pursuant to Pub. Util. Code § 886, entities required to register but that have failed to do so shall not offer the services of telephone prepaid calling cards, and shall be subject to fines or other sanctions if they continue to offer prepaid telephone calling cards. Worldvox admits that it operated in California without a CPCN. Worldvox's continued operation was a violation of Pub. Util. Code §§ 885, 886, 1001, and 1013.

Worldvox acknowledges that Pub. Util. Code § 885 requires prepaid calling card companies to comply with the Commission's registration requirements, and that Worldvox failed to obtain the required authority prior to its prepaid calling cards being used by California consumers. Worldvox acknowledges that it began providing the services of prepaid calling cards in California prior to obtaining authority. Worldvox further acknowledges that it is prepared to pay retroactive user fees and an interest penalty thereon based on its intrastate telecommunications revenue from 2012. Worldvox further

acknowledges that B&P Code § 17538.9 applies to its prepaid calling cards sold in California and that some of its cards did not comply with this section.

Worldvox affirms that it will fully meet its regulatory and legal obligations and its responsibilities to its customers and members of the public in California in the future.

The Settlement Agreement does not contravene any statutory provisions or prior Commission decisions, and it provides sufficient information for the Commission to discharge future regulatory obligations with respect to the parties and their interests and obligations. The Settlement Agreement does not constitute a precedent regarding any principle or issue in this proceeding or any future proceeding.

Approving the Settlement Agreement holds Worldvox accountable for the consequences of its prior violations of Commission rules by assessing penalty payments. In assessing the reasonableness of the \$13,000 penalty payments required by the Settlement, we look to the criteria in *Re Standards of Conduct Governing Relationships Between Energy Utilities and Their Affiliates*, D.98-12-075, 84 CPUC 2d 155, 182 (1998), which provided guidance in similar cases. We consider: 1) the severity of the economic or physical harm resulting from the violation; 2) the utility's conduct to prevent, detect, disclose, and rectify the violation; 3) the utility's financial resources; 4) the public interest involved; 5) the totality of the circumstances; and 6) Commission precedent.

Based on these criteria, Commission precedent, and a review of the Applicant's finances, we conclude that the \$13,000 penalty is reasonable. It represents a significant penalty, but would not impact Worldvox's ability to continue providing service to its customer base. We thus find the Settlement Agreement, conditioned on the payment of all past due user fees and interest

penalty thereon, is in the public interest, reasonable in light of the record as a whole, and consistent with law.

5. User Fees and Public Purpose Program Surcharges

The California Public Utilities Code and General Order (GO) 153 mandate the collection of user fees and public purpose program surcharges from utilities under Commission jurisdiction.⁵ By earning intrastate revenue from telecommunication services, Worldvox triggered the statutorily imposed obligation to pay user fees. Worldvox however, provides service solely via prepaid calling cards (debit cards) and is therefore exempt from public purpose program surcharges.⁶

Worldvox has agreed by the settlement agreement to remit \$200 in user fees plus an interest penalty of \$50 to the Commission within 30 days of this decision. As discussed above, Worldvox owes additional user fees for 2014 and 2015 of \$200 and an interest penalty thereon of \$50. Therefore, we condition the granting of the CPCN on the payment of all past due user fees of \$400, plus an interest penalty of \$100.

We will grant Worldvox a CPCN, provided Worldvox complies with the terms of the Settlement Agreement and makes payment to the Commission of all presently due and owing user fees and penalties, within 30 days of this decision.

6. Financial Qualifications

To be granted a CPCN, an applicant for authority to provide resold interexchange services must demonstrate that it has a minimum of \$25,000 cash

⁵ See Pub. Util. Code §§ 431, 879, and GO 153.

⁶ See GO 153 at § 10.5.1.3 and “Prepaid Phone Cards”, <http://www.cpuc.ca.gov/General.aspx?id=7156>

or cash equivalent to meet the firm's start-up expenses.⁷ An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers and/or interexchange carriers in order to provide the proposed service.⁸ To satisfy this requirement, Worldvox provided, as Exhibit 4 of its application, a copy of its balance sheet as of December 31, 2012, and three months of bank account statements. Additional information was provided in response to requests of the ALJ and SED. That information was provided by Worldvox's response on August 15, 2014 and consists of answers by Excite to SED data requests (Attachment B); Worldvox California sales revenue for August 1, 2012 to December 31, 2012, calendar year 2013, and January 1, 2014 to June 30, 2014 (Attachment C); a money market account statement demonstrating sufficient funds and a Personal Guarantee of Ryan Snapper in the amount of \$25,000 (Attachment D); and Worldvox gross California intrastate revenues for 2012, 2013, and 2014 (Attachment F). Based on review of this financial information we find that Worldvox meets the financial requirements to be granted a CPCN.

Finally, as detailed in the Affidavit of Ryan Snapper, President of Worldvox, attached to its application, Worldvox will submit to the requirements of D.13-05-035 for a continuous performance bond in the amount of \$25,000 for the first year of operation or 10 percent of intrastate revenue (for subsequent years), issued by a corporate surety company authorized to transact surety

⁷ The financial requirement for Competitive Local Exchange Carriers is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carrier (NDIEC) is contained in D.91-10-041.

⁸ The requirement for Competitive Local Carrier applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers and/or Interexchange Carriers is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

business in California.⁹ Since Worldvox has provided documentation that it possesses resources that are reasonably liquid and available, it has demonstrated it has sufficient funds to meet its start-up expenses and has fulfilled the financial qualifications requirement.

7. Technical Qualifications

To be granted a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.¹⁰

In support of its Application, Worldvox verified that no one associated with or employed by Worldvox as an affiliate, officer, director, partner, or owner of more than 10 percent of Worldvox was previously associated with a telecommunications carrier that filed for bankruptcy, was sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order, or has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations.¹¹

Worldvox shares common ownership (Ryan Snapper) with Excite, which was registered as NDIEC with the Commission (U-7071-C). Excite ceased doing business at the end of 2012, and for a limited time Worldvox assumed responsibility for fulfilling Excite's obligation to deliver service on assigned Personal Identification Numbers to avoid disruption of service to consumers.

⁹ See, D.13-05-035, Attachment B (re: Rulemaking 11-11-006 Revising the Certification Process for Telephone Corporations and the Registration Process for Wireless Carriers).

¹⁰ D.95-12-056 at Appendix C, Rule 4.A.

¹¹ See Application, Sworn Affidavit of Ryan Snapper, President of Worldvox.

The July 23, 2014 Notice of Prehearing Conference and Administrative Law Judge's Ruling notes the insufficiency of Worldvox's disclosure in its application of information demonstrating managerial and technical expertise in telecommunications and it further notes Worldvox's failure in its application to disclose related businesses and affiliations, including its affiliation with Excite Telecom Inc.

Worldvox supplied biographical information on its management in Exhibit 5 to its application and additional biographical information, including information concerning related businesses and affiliations in Attachment A to the Response filed August 15, 2014.

SED Staff found no complaints filed with the Federal Communications Commission, Better Business Bureau, Ripoffreport.com, and the Commission's Consumer Affairs Branch.

Based on these facts and review of the management team, we conclude that Worldvox has demonstrated that it has sufficient expertise and training to operate as a telecommunications provider and is in compliance with the requirements of D.95-12-056.

8. Tariffs

Worldvox does not seek to provide basic local access or special access services. Based on the limited forms of service that Worldvox is seeking to offer, Worldvox is not required to file tariffs as a condition of offering telecommunications services.

9. Map of Service Territory

Worldvox provided a map of its proposed service territory, attached as Exhibit 3 of its application.

10. Expected Customer Base

Worldvox provided its estimated customer base for the first and fifth years of operation in its application. The estimate for the first year is 500 – 1,000 and for the fifth year, 1,000 – 2,000 end-user customers. Therefore, Worldvox has complied with this requirement.

11. Request for Treatment as a Non-Dominant Interexchange Carrier

Applicant requests treatment as a NDIEC, which would include exemption from the requirements of Pub. Util. Code §§ 816-830 concerning stocks and security and § 851 concerning the encumbrance and transfer of utility property. The Commission detailed its rules regarding exemption of NDIEC in D.85-01-008, and subsequently modified in D.85-07-081 and D.85-11-044. We grant Applicant's request for NDIEC status, provided that they follow all rules detailed in the above-referenced decisions.¹²

12. California Environmental Quality Act (CEQA)

Pursuant to CEQA and Rule 2.4, the Commission examines projects subject to our discretionary approval to determine any potential environmental impacts in order that adverse effects are avoided and environmental quality is restored or enhanced to the fullest extent possible under CEQA.

In its "Proponent's Environmental Assessment" attached to its application as Exhibit 2, Worldvox submits that its CPCN request is exempt from CEQA because it does not intend to construct any facilities. Because the requested CPCN authority is only to provide resold interexchange service, no construction of facilities is involved. Accordingly, we find that there is no possibility that granting this application will have an adverse impact upon the environment.

¹² While the Commission has granted exemption from §§ 816 – 830 to others, exemption from §§ 851 – 854 has not been granted previously and is not granted here.

Granting this application does not preclude Worldvox from filing a separate application at a later date to pursue a facilities-based CPCN. Worldvox must not begin construction of any facilities until Commission approval is requested and is granted.

13. Conclusion

As a result of the above considerations, we conclude that the application, as modified by the terms and conditions in the Settlement Agreement and the conditions stated by this decision, warrants approval. We find the Settlement Agreement, together with the conditions stated by this decision, to be (1) in the public interest; (2) reasonable in light of the record; and (3) consistent with the law. The record of this proceeding consists principally of the Application, the Protest of SED, the Notice of prehearing conference and Administrative Law Judge's Ruling, the Response to Administrative Law Judge's Ruling, and the Joint Motion to approve the Settlement Agreement. We find that a record based on these filed materials is adequate to enable us to determine that the settlement, together with the conditions stated by this decision, meets our standards for approval of settlements; therefore, the Settlement Agreement, as modified, is approved.

This decision grants a CPCN to Worldvox on the condition it complies with the settlement terms for payment of a \$13,000 penalty and that Worldvox pays \$400 for user fees and \$100 in interest penalties.

The CPCN conditionally granted by this decision provides benefits to Worldvox and corresponding obligations. Worldvox is obligated to comply with all provisions of the Public Utilities Code and Commission Rules, General Orders, and decisions applicable to telecommunications carriers providing approved services. The applicable Codes, Rules, etc. include, but are not limited

to, consumer protection rules, tariffing, and reporting requirements. Moreover, Worldvox is obligated to pay all Commission prescribed user fees and public purpose program surcharges as set forth in the Attachment B of this decision, and to adhere to Pub. Util. Code § 451 which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

14. Request to File Under Seal

Pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure, Worldvox has filed motions for leave to file Exhibit 4 to its Application, and Attachments B, C, D, and F to its Response to ALJ Ruling as confidential materials under seal. Worldvox represents that the information is sensitive, and disclosure could place Worldvox at an unfair business disadvantage. The motion to file Exhibit 4 under seal was previously granted by ALJ Ruling. By today's decision, we grant the additional motion to file Attachments B, C, D, and F under seal as well.

15. Categorization and Need for Hearings

In Resolution ALJ 176-3328 dated December 19, 2013, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. Although SED protested the application, the subsequent settlement agreement resolves the protest. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

16. Comments on Proposed Decision

The proposed decision of ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. No comments were filed.

17. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Dan H. Burcham is the assigned ALJ in this proceeding.

Findings of Fact

1. Notice of A.13-12-004 appeared on the Daily Calendar on December 12, 2013.
2. Worldvox is a telephone corporation and public utility as defined in Pub. Util. Code §§ 234(a) and 216(a).
3. Worldvox acknowledges failure to obtain the required authority from the Commission prior to providing telecommunications services by selling prepaid calling cards to California consumers.
4. Worldvox further acknowledges that Business and Professions (B&P) Code § 17538.9 applies to its prepaid calling cards sold in California and that some of its cards did not comply with this section.
5. Worldvox and SED, the only parties in this proceeding, negotiated and reached settlement of contested issues. A Joint Motion for approval of a Settlement Agreement was filed on September 1, 2015.
6. Worldvox acknowledges by the Settlement Agreement that Pub. Util. Code § 885 requires prepaid calling card companies to comply with the Commission's registration requirements, and that Worldvox failed to obtain the required authority prior to its prepaid calling cards being used by California consumers.

Worldvox acknowledges that it began providing the services of prepaid calling cards in California prior to obtaining authority. Worldvox further acknowledges that it is prepared to pay retroactive user fees and an interest penalty thereon based on its intrastate telecommunications revenue from 2012. Worldvox further acknowledges that B&P Code § 17538.9 applies to its prepaid calling cards sold in California and that some of its cards did not comply with this section.

7. To resolve the legal issues raised by the SED protest, the Settlement Agreement calls for Worldvox to pay a penalty to the State of California General Fund of \$13,000 in nine equal monthly installments beginning 30 calendar days after the effective date of the Commission decision approving the Settlement Agreement.

8. The Settlement Agreement between Worldvox and SED complies with Rule 12.1(d) and, together with the conditions stated by this decision, is: (1) reasonable in light of the record; (2) consistent with the law; and (3) in the public interest. The Settlement Agreement conveys sufficient information to permit the Commission to discharge its future regulatory obligations with respect to the parties and their interests.

9. Approving the Application and the Settlement Agreement is the relief requested by the parties and this relief is not opposed by any party in this proceeding.

10. Worldvox has a minimum of \$25,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

11. Worldvox's management possesses sufficient experience, knowledge, and technical expertise to provide telecommunications services to the public.

12. Worldvox provided as Exhibit 3 of its application a map showing its proposed service territory.

13. Worldvox provided an estimate of its customer base for the first and fifth year of operation.

14. Worldvox provided its intrastate revenue information and owes \$400 for user fees for 2012, 2013, 2014, and 2015 and \$100 for interest penalties thereon to the Commission.

15. Pursuant to Rule 11.4, Worldvox filed two motions for leave to file confidential materials under seal.

Conclusions of Law

1. Worldvox should be granted a CPCN to provide resold interexchange telecommunications service in California, subject to the terms and conditions of the ordering paragraphs and the Settlement Agreement set forth in Attachment D.

2. Worldvox is required to obtain a continuous performance bond in the amount of \$25,000 pursuant to D.13-05-035.

3. Nothing in the Settlement Agreement contravenes any statute or Commission decision or rule.

4. The benefits to the public of the Settlement Agreement outweigh the benefits of continued litigation.

5. The penalty level of the Settlement Agreement is reasonable given the totality of the circumstances.

6. The Settlement Agreement complies with Rule 12.1(d) and should be approved in conjunction with the conditions stated by this Decision.

7. Worldvox should be required to pay a \$13,000 penalty for violations of Commission orders pursuant to the Settlement Agreement.

8. Worldvox should be required to pay past due user fees of \$400 and interest penalties thereon of \$100.

9. Worldvox's prepaid calling cards are debit cards which are exempt from public purpose program surcharges pursuant to General Order 153, Section 10.5.1.3.

10. Hearings are not necessary in this proceeding.

11. Worldvox's motion to file under seal Attachments B, C, D, and F to its August 15, 2014 response should be granted for a period of three years.

12. Worldvox should be granted a CPCN if it pays past due user fees and interest penalties thereon within 30 days of the effective date of this order.

13. Once granted a CPCN, Worldvox should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

14. Worldvox should be granted non-dominant carrier status, subject to Commission rules and regulations as detailed in D.85-01-008 and modified in D.85-07-081 and D.85-11-044.

O R D E R

IT IS ORDERED that:

1. The September 1, 2015 Joint Motion, by Worldvox Corporation and the Commission's Safety and Enforcement Division, for Commission Adoption of Settlement pursuant to Article 12.1 of the Commission's Rules of Practice and Procedure is granted and the Settlement Agreement, Attachment D to this decision, is approved.

2. Pursuant to the terms of the Settlement Agreement, as set forth in Attachment D, Worldvox Corporation (Worldvox) must make a total payment of \$13,000, in nine equal monthly installments, beginning 30 calendar days after the effective date of the Commission decision approving the Settlement Agreement.

Each designated payment shall be made by check or money order payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, San Francisco, CA 94102. Worldvox must write on the face of the check or money order "For deposit to the General Fund per Decision _____."

3. Within 30 days of this order, Worldvox Corporation must pay past due user fees and interest penalties in the amount of \$500. (\$400 for past due user fees and \$100 for interest penalties.) Payment shall be made payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The check or money order shall include the statement "For deposit to the Commission program budgets per Decision _____."

4. Worldvox Corporation shall, within 30 days of the issuance of this decision, provide copies of its marketing, advertising, and calling cards to Safety and Enforcement Division that demonstrate compliance with Business and Professions Code Section 17538.9 1, including: 1) ensuring that all ancillary charges and conditions are fully disclosed; 2) disclosing the name of the company (Worldvox Corporation) on all its calling cards; and 3) ensuring that its toll-free number provides consumers with all rate and ancillary charges information.

5. A certificate of public convenience and necessity is granted to Worldvox Corporation to provide resold interexchange telecommunications services in California, following payment of the \$13,000 penalty as set forth in Ordering Paragraph 2 and past due user fees and interest penalties as set forth in Ordering Paragraph 3.

6. The corporate identification number, U-7296- C, assigned to Worldvox Corporation must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

7. The certificate granted by this order will expire if not exercised within 12 months of the effective date of this order.

8. Worldvox Corporation (Worldvox) must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Worldvox must submit a Tier-1 advice letter to the Director of the Communications Division, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter annually, but not later than March 31, with a copy of the executed bond.

9. Worldvox Corporation must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Director of the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

10. In addition to all the requirements applicable to interexchange carriers included in this decision, Worldvox Corporation is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission

rules, decisions, General Orders, and statutes that pertain to California public utilities.

11. If Worldvox Corporation pays user fees and surcharges within 30 days of this order and is granted operating authority, Worldvox Corporation must file, in this docket, a written acceptance of the certificate granted in this proceeding within 60 days of the effective date of this order.

12. Worldvox Corporation must pay the user fee and public purpose surcharges specified in Attachment A. Per the instructions in Exhibit E to Decision 00-10-028, the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0. Applicant must pay a minimum user fee of \$100 or 0.18% of gross intrastate revenue, whichever is greater. Under Pub. Util. Code § 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California.

13. Prior to initiating service, Worldvox Corporation must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

14. Prior to initiating service, Worldvox Corporation must provide the Commission's Communications Division with the name and address of its designated regulatory/official contact persons(s). This information must be updated if the name or telephone number changes, or at least annually. This information must be provided electronically, using the "Regulatory/Official

Contact Information Update Request” found at

<http://www.cpuc.ca.gov/communications/>.

15. Worldvox Corporation must notify the Director of the Communications Division in writing of the date that interexchange service is first rendered to the public pursuant to the authority granted herein, no later than five days after service first begins.

16. Worldvox Corporation must file an affiliate transaction report with the Director of the Communications Division, in compliance with Decision 93-02-019, on a calendar-year basis using the form contained in Attachment C.

17. Worldvox Corporation must file an annual report with the Director of the Communications Division, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment B to this decision.

18. The motion of Worldvox Corporation (Worldvox) to file under seal Attachments B, C, D, and F to its August 15, 2014 response is granted for a period of three years from the date of this order. During these three-year periods, the information in Attachments B, C, D, and F shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Worldvox believes that it is necessary for this information to remain under seal for longer than three years, Worldvox may file a new motion showing good cause for extending this order by no later than 30 days before expiration of the applicable three-year period.

19. Application 13-12-004 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A

ATTACHMENT A

REQUIREMENTS APPLICABLE TO INTEREXCHANGE CARRIERS

1. Applicant must file, in this docket with reference to this decision number,¹ a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. The license granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months after the effective date of this order.

3. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0.

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879);
- b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (D.07-12-054);
- f. The California Teleconnect Fund (D.96-10-066, at 88, App. B, Rule 8.G).

¹ Written acceptance filed in this docket does not reopen the proceeding.

- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/General.aspx?id=1124>

- Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/General.aspx?id=1010>. To request a user ID and password for TUFFS online filing and for questions, please e-mail Telco_surcharges@cpuc.ca.gov.
- Carriers must file and pay the PUC User Fee (see above item 2g) upon receiving the User Fee statement sent by the Commission. User Fees cannot be reported or paid online. Instructions for reporting filing are available at <http://www.cpuc.ca.gov/General.aspx?id=1009>. Please call (415) 703-2470 for questions regarding User Fee reporting and payment.

4. Applicant is a non-dominant interexchange carrier (NDIEC). The effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

5. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in #2 above.

6. Applicant must file a service area map as part of its initial tariff.

7. Applicant must obtain a performance bond of at least \$25,000 in accordance with D.13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Applicant must submit a Tier-1 advice letter to the Director of Communications, containing a copy of the license holder's executed bond, and must submit a Tier-1 advice letter with a copy of the executed bond annually not later than March 31 each year.

8. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to D.13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Commission's Director of the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

9. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. In addition, Applicant must provide the Commission's Communications Division with the name and address of its designated regulatory/official contact persons(s). This information must be provided electronically, using the "Regulatory/Official Contact Information Update Request" found at <http://www.cpuc.ca.gov/communications/>. This information must be updated if the name or telephone number changes, or at least annually.

10. Applicant must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

11. Applicant must notify the Director of the Communications Division in writing of the date local service is first rendered to the public within five days after service begins.

12. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

13. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

14. Applicant must file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment B to this decision.

15. Applicant must file an affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment C.

16. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

17. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division in writing of its compliance.

18. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #2 above, and has not received written permission from the Communications Division to file or remit late, the

Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

19. Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

20. Applicant is exempt from Pub. Util. Code §§ 816-830.

21. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT A)

ATTACHMENT B

ATTACHMENT B**ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

Failure to file this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

- 1.Exact legal name and U # of the reporting utility.
- 2.Address.
- 3.Name, title, address, and telephone number of the person to be contacted concerning the reported information.
- 4.Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
- 5.Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.).
 - If incorporated, specify:
 - a. Date of filing articles of incorporation with the Secretary of State.
 - b. State in which incorporated.
- 6.Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
- 7.Date operations were begun.
- 8.Description of other business activities in which the utility is engaged.
- 9.List of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT B)

ATTACHMENT C

ATTACHMENT C

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);

Brief description of business activities engaged in;

Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);

Ownership of the utility (including type and percent ownership)

Voting rights held by the utility and percent; and

Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

(END OF ATTACHMENT C)

ATTACHMENT D